

# EXHIBIT C

## Kissel & Pesce LLP

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March 20, 2006

**VIA E-MAIL AND REGULAR MAIL**

Andy Davitt  
Marshall, Dennehey, Warner, Coleman & Goggin  
1845 Walnut Street  
Philadelphia, Pennsylvania 19103-4797

Re: Securities Broker/Dealer Professional Liability Insurance  
Assured: Sterling Financial Investment Group, Inc.  
Policy Ref.: FD0504362  
Policy Period: May 24, 2005-2006  
Policy Limits: \$1 million any one Loss/\$2 million in the aggregate,  
xs of a \$100,000 each and every Claim retention  
(including Defense Costs)  
Claimants: Charles P. and Frances Camilleri  
Our File No.: 40117.00042

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Dear Andy:

As you are aware, Kissel & Pesce represents the interests of certain London Underwriters ("Underwriters") who provide Sterling Financial Investment Group, Inc. ("Sterling") with claims made and reported Securities Broker/Dealer Professional Liability Insurance for the above-referenced period. We have recommended to Sterling that they retain the services of your firm to defend the company in connection to an arbitration proceeding instituted by Charles P. and Frances Camilleri (the "Camilleris") against Sterling and a former registered representative, Marc Levy. The proceeding is pending before the National Association of Securities Dealers ("NASD") and is presently venued in Florida.

On or about October 31, 2005, the Camilleri's filed a Statement of Claim alleging (1) mismanagement of their accounts in viol of NASD Rule 2310 and NYSE Rule 405 [Unsuitability]; (2) breach of fiduciary duty; (3) professional negligence; (4) fraud (against all respondents) and failure to supervise (as against Sterling only); and (5) arbitral adjustment. The Camilleris seek an unspecified amount of compensatory damages, including disgorgement of all unjust enrichment; lost profits; punitive or exemplary damages; arbitral or equitable adjustment;

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**Kissel & Pesce LLP**

Andy Davitt, Esq.

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costs and expenses. Marshall Dennehey timely filed an answer on behalf of Sterling on or about January 25, 2006.

Enclosed, please find defense counsel guidelines. Please review, sign and return the signature page of the guidelines to us at your earliest convenience. As noted in the guidelines, we ask that this office be kept apprised of all communications concerning settlement or other significant developments with Claimants and/or their representative(s). Furthermore, please note that Underwriters have agreed to your representation of Sterling in this matter at the blended rate of \$275 per hour.

The subject policy provides for a \$100,000 self-insured retention, which Sterling must satisfy. Please be aware that while Underwriters' obligations to pay costs and fees are not triggered until the retention is exhausted, we reserve Underwriters' right to audit and adjust costs and fees incurred within the retention. Therefore, we request that you direct all invoices to Sterling (with a copy to us) until the retention is exhausted.

Finally, please provide us with an estimated defense costs budget through the arbitration hearing and a summary of all defense costs expended to date.

We look forward to working with you on this matter. Please do not hesitate to contact us with any questions or comments that you may have.

Very truly yours,



Panagiota Ainalakis

cc: Gerry Kowalski, Esq. (via e-mail only, w/o enclosures)  
Cristina Avila (via e-mail only, w/o enclosures)  
Jeffrey Hirsch, Esq.